

STATEMENT OF JOHN CONYERS, JR.
JUDICIARY COMMITTEE
BROADBAND HEARING: H.R. 1697 & H.R. 1698
MAY 22, 2001

At the outset, I want to thank the Chairman for calling this hearing, and for his outstanding leadership in protecting the Committee's historic jurisdiction over competition in the telecommunications industry.

To me, this is not a difficult issue to comprehend. If you don't like the unregulated monopoly control of your local telephone market which leads to high prices, shoddy service, and less innovation, then you'll hate the Tauzin bill which will create a mirror image of that monopoly control in DSL broadband.

First a little history. The Bell System was created as a monopoly by the government, and protected against competition by the consumer.

It was sued by the Justice Department three times for antitrust violations, and was judged to be an illegal monopoly by the federal courts in 1984 when it was broken into seven regional bells plus AT&T.

In 1996 Congress again found the bells to have monopoly control over the essential facility of the local loop. A Republican Congress then said that it was critical to competition that the monopoly's facilities be opened to competitors.

Five years after passage of the 1996 law, we have seen the fruits of competition in almost all areas of telecommunications with the notable exception of the local loop.

What was Seven Bell companies and GTE, has been reduced by merger to 4 behemoths. These companies control in excess of 90% of the wires into our nation's homes and business.

While innovation has flourished and prices have been slashed in the area of long distance, the reverse has occurred in the local network. The road to local competition has been littered with scores of bankrupt companies and tens of thousands of lost jobs.

The Tauzin bill would effectively transfer, effectively duplicate the monopoly over local telephone service, into broadband DSL services.

That's why I say that if you don't like the unregulated monopoly control of your local telephone market which leads to high prices, shoddy service, and less innovation, then you'll hate the Tauzin bill.

That bill effectively eliminates the 1996 requirements in Sections 251 and 271 that the local monopoly facilities be opened to competitors. It's a license to monopolists to exclude.

The bills introduced by myself and Mr. Cannon take a different approach. It says that the monopolists don't get this right to exclude if they control over 85% of the market – market control that would be sufficient for any court in an antitrust case utilizing “essential facility” analysis.

They reiterate the bipartisan consensus that emerged in 1996 that antitrust laws are preserved, and that a liberal regulatory apparatus will not insulate a monopolist from antitrust scrutiny. And the bills provide greater incentives – not found in the Tauzin approach to broadband rollouts, and the bills provide for a rapid resolution of disputes.

Competition should be our religion in telecommunications. It should be our credo. It is the touchstone for lower prices, better services, and for unleashing the innovative creativity that has built our new economy from the ground up. And historically, it's been the role of this Committee to preserve those basic rules of competition.